



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
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WASHINGTON DC 20350-1000

SECNAVINST 5200.42  
DUSN (M)  
22 APR 2015

SECNAV INSTRUCTION 5200.42

From: SECRETARY OF THE NAVY

Subj: ACCOUNTABILITY AND MANAGEMENT OF DEPARTMENT OF THE NAVY  
PROPERTY

Ref: See enclosure (1).

Encl: (1) References  
(2) Governance and Management of DON Property  
(3) DON Property Universe and Definitions

1. Purpose. To establish policy for accountable property management within the Department of the Navy (DON) to improve financial and material accountability, management, control, and categorization of property. This instruction assigns roles and responsibilities for governance and management per references (a) through (g), categorized by property type and aligned with the Department of Defense (DoD) policy and organizational construct.

2. Background. All DON personnel, by nature of their appointments, are stewards of government property and therefore responsible for the proper use, care, physical protection, disposition, and disposal of all government property. An overarching property accountability and management policy is needed to improve financial and material accountability, management, control, and categorization of property. Compliance with the financial accounting and property management requirements of references (a) through (i) and the Chief Financial Officers Act of 1990 will improve the DON's ability to more efficiently support the warfighter and Audit Readiness.

3. Applicability. This instruction applies to the Office of the Secretary of the Navy (SECNAV), the Chief of Naval Operations (CNO), the Commandant of the Marine Corps (CMC), and all U.S. Navy and U.S. Marine Corps installations, commands, activities, field offices, and other organizational entities within the DON.

4. Policy

a. Comprehensive financial and material management of all categories of DON property is a sound management practice that contributes to operational readiness. It is DON policy to:

(1) Manage property per references (a) through (g), as augmented by the policies set forth in, and in support of, this instruction.

(2) Ensure adequate policies are in place to govern all DON property.

(3) Track all accountable property and respective data elements in an approved Accountable Property System of Record (APSR) per references (a) and (h).

(4) Maximize the use of information technology, automated information systems, Unique Identification (UID), and standard, common processes for procurement and management of DON property per reference (i). UID, or comparable methods and standard, common processes will be used to improve the capability to gather, organize, and assess information on organizations, materiel assets, people, and places and is an essential element in the accountability, control, and management of DON assets and resources.

b. DON Property shall be managed using a four-tier structure outlined below and delineated in enclosure (2):

(1) Tier I, Business Transformation Council (BTC). This instruction establishes the BTC and Chief Management Officer Advisory Group (CMO-AG) as the primary oversight board within the DON property management structure per reference (j).

(2) Tier II, Property Leads. Property leads shall be established within the Navy Secretariat for each category of property as defined in paragraph 5 of this instruction and further depicted in enclosure (3).

(3) Tier III, Command Property Officer (CPO). Each budget submitting office (BSO) shall identify a CPO, designated in writing, to serve as the single point of contact for property matters for their respective BSO.

(4) Tier IV, Accountable Property Officers (APOs). APOs shall be designated in writing at all levels as required to serve as the senior subject matter expert and arbiter of issues at their level of appointment.

c. DON property shall be governed within the four-tier structure as described in enclosure (2) and property issues shall be resolved through a bottom-up approach by organizations at the lowest echelon possible.

5. Responsibilities

a. In addition to the responsibilities outlined in reference (k), the Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)); Assistant Secretary of the Navy for Energy, Installations and Environment (ASN (EI&E)); and the Deputy Under Secretary of the Navy (Management) (DUSN (M)) are designated as DON Property Leads for the respective categories of property as outlined in Table 1. Definitions of each property category are provided in enclosure (3).

Category of Property	Property Lead
Inventory	ASN (RD&A) *
Operating Materials & Supplies	
General Equipment	
Real Property	ASN (EI&E)
Stewardship Land	
Internal Use Software	DUSN (M)
Heritage Assets (Real Property)	ASN (EI&E)
Heritage Assets (Non-Real Property)	DUSN (M)

\* ASN (RD&A) will provide oversight for Government Furnished Property (GFP) as it crosses property types.

**Table 1**

b. The property leads are responsible for ensuring adequate policies are in place and providing full oversight for property accountability and management within the DON. They shall serve as the SECNAV representative on all related matters. At a minimum, implementing property instructions shall:

(1) Ensure effective and meaningful performance measures for property management are developed, maintained, and reported.

(2) Mandate the use of approved APSRs to ensure integration with core financial and asset management systems and

processes, and ensure all required data elements are maintained in an approved APSR per reference (a) and (h).

(3) Require periodic internal reviews and audits necessary to assess property accountability, management effectiveness, and policy compliance.

(4) Define training and experience standards for appointed APOs and CPOs as required in reference (a).

(5) Establish a governance framework within the respective property categories and delegated through the DON to provide a forum for resolution of property accountability and management issues.

c. Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN (FM&C)), as the SECNAV's principal financial advisor, is responsible for all property accountability and management matters relating to financial management and comptrollership within the DON. ASN (FM&C) shall:

(1) Coordinate with property leads to provide policy and guidance for accounting and financial management of DON property.

(2) Serve as the SECNAV financial representative on all property management related matters.

(3) Develop reporting requirements and metrics with specific goals that measure efficient financial management of DON property and lead toward sustained auditability. Coordinate with property leads to minimize duplicative requirements.

(4) In coordination with the Defense Finance and Accounting Service, ensure all DON property is properly reported on the DON financial statements per reference (h).

(5) Approve APSRs for the DON and maintain a list of approved government APSRs.

d. Assistant Secretary of the Navy (Manpower and Reserve Affairs) shall maintain oversight responsibility and monitor the equipment status of the reserve components to ensure that

equipment distribution policies are implemented by the DON to meet statutory requirements and DoD guidance.

e. The CNO and CMC shall maintain responsibility for the management of property within their purview per references (a) through (g) and the policies promulgated by the property leads. CNO and CMC shall:

(1) Ensure implementing policies that emphasize visibility and accountability of all DON property are in place and reviewed at regular intervals.

(2) Enforce adherence to DoD and DON policies and regulations with respect to material and financial management for managing, accounting, and reporting of DON property.

(3) Designate which approved government APSRs are authorized for financial and material management of DON property within each Service.

f. BSOs shall appoint a CPO to serve as a single point of contact for reporting on and resolving property matters as described in enclosure (2).

g. DUSN (M) is responsible for coordinating and elevating cross organizational or cross functional issues to the CMO-AG and BTC for resolution per reference (j).

6. Records Management. Records created, as a result of this instruction, regardless of media and format, shall be managed per SECNAV Manual 5210.1 of January 2012.

7. Reports. The reporting requirements contained in paragraphs, 5b(1) and 5c(3) are exempt from information collection control per SECNAVINST 5213.10E and require no Report Control Symbol.



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**REFERENCES**

- (a) DoD Instruction 5000.64 of 19 May 2011
- (b) DoD Instruction 4165.70 of 6 April 2005
- (c) DoD Instruction 4161.02 of 27 April 2012
- (d) DoD 4140.01-M (Vol 1-11) of 10 February 2014
- (e) USD(C) FIAR Guidance of Nov 2013
- (f) DoD 7000.14-R, DoD Financial Management Regulation (FMR), Vol 4
- (g) DoD 7000.14-R, DoD Financial Management Regulation (FMR), Vol 6
- (h) Office of Management and Budget Circular A-136, Financial Reporting Requirements of 21 October 2013
- (i) DoD Directive 8320.03 of 23 March 2007
- (j) SECNAVINST 5420.197A
- (k) SECNAVINST 5430.7Q

**GOVERNANCE AND MANAGEMENT OF DON PROPERTY**

1. Tier I: BTC

a. Per reference (f), the BTC is a senior DON forum in which business transformation efforts that cross organizational and/or functional boundaries can be strategically assessed, approved, and accelerated.

b. Within the existing responsibilities, the BTC, through the CMO-AG and CMO-Working Group, shall provide oversight and adjudicate enterprise-wide property issues that may impact multiple property categories or both services per reference (f).

2. Tier II: Secretariat Property Leads (as identified in Table 1 of this instruction) shall:

a. Be responsible for overall governance of property management within the DON.

b. Adjudicate any issues unresolved at the Service level.

3. Tier III: CPOs shall:

a. Act as the single point of contact for all accountable property for their BSO.

b. Implement SECNAV policy and procedures to manage all property acquired, leased, or otherwise obtained throughout an asset's lifecycle from initial acquisition and receipt, through accountability and custody, until formally relieved of accountability by authorized means, including disposition, or through a completed evaluation and investigation for property loss.

c. Identify and recommend APSRs for approval to ASN (FM&C) to ensure integration with core financial and other systems and processes, particularly those for logistics and acquisition.

d. Perform periodic reviews and audits throughout the command to assess property accountability, management system effectiveness, and policy compliance.

e. Ensure appointment, in writing, of APOs at appropriate levels throughout their organization.

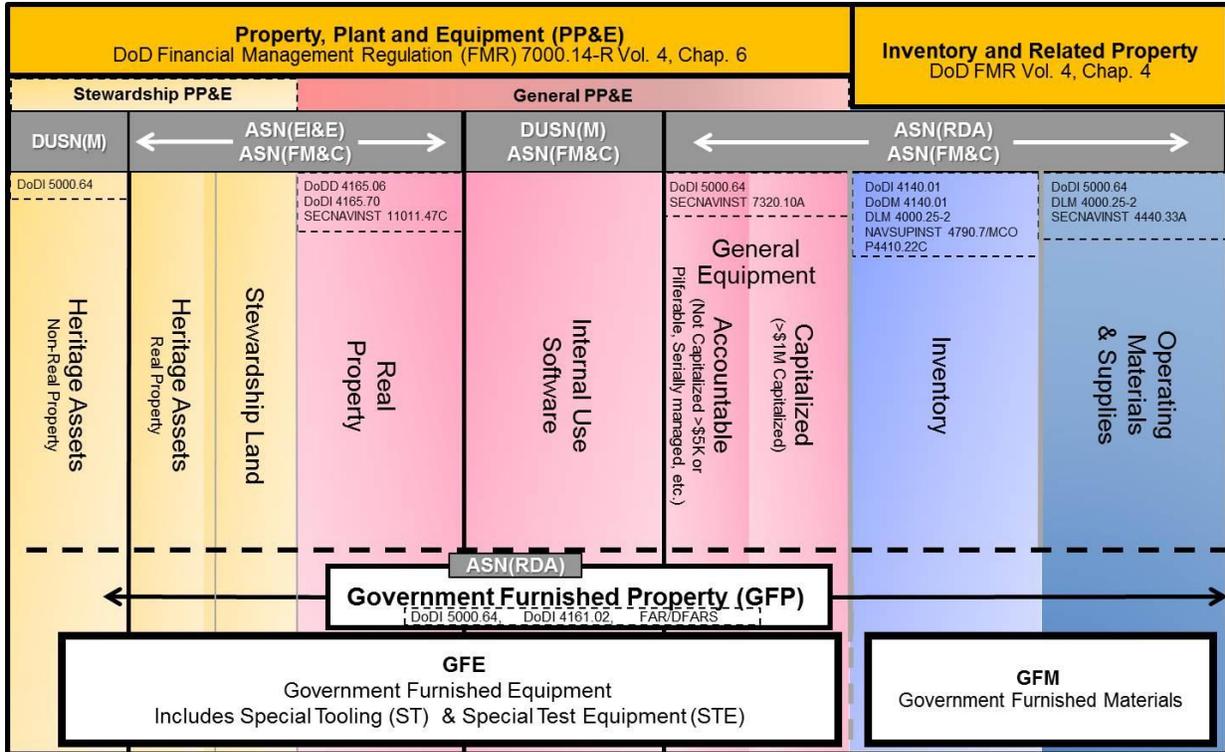
4. Tier IV: APOs

a. Commanders and their APOs are the foundation of the DON governance and management structure. APOs add value by improving the performance of the program through more efficient management, strategic and equitable resource allocation, and other improvements that lend themselves to improved organizational outcomes and impacts.

b. APOs shall be appointed in writing by activity commanders and commanding officers at all levels of accountability per reference (a).

c. APOs are responsible for the proper management and accountability of property at the activity level, regardless of echelon. More specific duties and responsibilities of the APO can be found in reference (a).

**DON PROPERTY UNIVERSE AND DEFINITIONS**



1. General Equipment. Per DoD 7000.14-R Financial Management Regulation, Vol 4, general equipment is personal property that is functionally complete for its intended purpose, durable, and nonexpendable. Equipment generally has an expected service life of 2 years or more; is not intended for sale; does not ordinarily lose its identity or become a component part of another article when put into use; and has been acquired or constructed with the intention of being used. This definition includes property formerly classified as Military Equipment.

2. Government Furnished Property. Per Federal Acquisition Regulation 45.101, government furnished property is property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. Government furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government furnished property also includes contractor-acquired property if

the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.

3. Heritage Assets. Per DoD 7000.14-R Financial Management Regulation, Vol 4, Heritage Assets are property, plant, and equipment (PP&E) of historical, natural, cultural, educational or artistic significance, e.g., aesthetic; or with significant architectural characteristics. Heritage Assets are expected to be preserved. Heritage Assets consist of items whose physical properties resemble those of General PP&E and are traditionally capitalized in commercial-type financial statements. The nature of these items, however, differ from General PP&E in that their values may be indeterminable or may have little financial meaning, e.g., museum collections, monuments, assets acquired in the formation of the nation, or that allocating the cost of such assets, e.g., military weapons systems, to accounting periods that benefit from the ownership of such assets is not meaningful. Heritage Assets (Non-Real Property) are managed by Director, National Museum of the Marine Corps and Director, Naval History and Heritage Command.

4. Internal Use Software. Per Statement of Federal Financial Accounting Standards (SFFAS) #10, internal use software is software that is purchased off-the-shelf, internally developed, or contractor-developed solely to meet the entity's internal needs. *Internal use software will be further defined by the DON Internal Use Software policy currently in draft at the time of this publication.*

5. Inventory. Per SFFAS #3, inventory is tangible personal property that is (1) held for sale, (2) in the process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee. The term "held for sale" shall be interpreted to include items for sale or transfer to (1) entities outside the federal government, or (2) other federal entities. The principal objective of the sale or transfer of inventory is to provide a product or service for a fee that generally recovers full cost or an identified portion of the cost. "Other federal entities" may include entities within the same organization and/or agency. Sales transactions may be executed through transfer of funds between federal entities; it is not essential that the transaction be an

exchange of goods for cash or cash equivalents. In addition, inventory may be acquired through donation or barter. Inventory excludes some other assets held for sale, such as (1) stockpile materials, (2) seized and forfeited property, (3) foreclosed property, and (4) goods held under price support and stabilization programs. These items may be sold; however, the purpose of acquiring them is not to provide a product or a service for a fee.

6. Operating Materials and Supplies. Per SFFAS #3, operating materials and supplies consist of tangible personal property to be consumed in normal operations. Excluded are (1) goods that have been acquired for use in constructing real property or in assembling equipment to be used by the entity, (2) stockpile materials, (3) goods held under price stabilization programs, (4) foreclosed property, (5) seized and forfeited property, and (6) inventory.

7. Real Property. Per SECNAVINST 11011.47C, real property is land and any interest in land, together with any buildings, fixtures, affixed improvements and structures, growing crops located thereon, and related appurtenances regardless of funding source.

8. Stewardship Land. Per DoD 7000.14-R Financial Management Regulation, Vol 4, stewardship land is land and land rights other than that acquired for or in connection with General PP&E, land acquired via the public domain, or land acquired at no cost.